



**Washington State Auditor's Office**

**Troy Kelley**

**Integrity • Respect • Independence**

## **Accountability Audit Report**

# **Public Utility District No. 1 of Chelan County**

**For the period January 1, 2013 through December 31, 2013**

**Published December 29, 2014**

**Report No. 1013307**





## Washington State Auditor Troy Kelley

December 29, 2014

Board of Commissioners  
Public Utility District No. 1 of Chelan County  
Wenatchee, Washington

### Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for District operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the District's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

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## AUDIT SUMMARY

### Results in brief

In the areas we audited, District operations complied with applicable requirements and provided adequate safeguarding of public resources. The District also complied with state laws and regulations and its own policies and procedures in the areas we examined.

### About the audit

This report contains the results of our independent accountability audit of Public Utility District No. 1 of Chelan County from January 1, 2013 through December 31, 2013.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the District's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Procurement – like kind purchases
- Safeguarding of small and attractive assets
- Procurement – time and materials purchasing for public works projects
- Commissioner compensation

## RELATED REPORTS

### **Financial**

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available from Public Utility District No. 1 of Chelan County.

## INFORMATION ABOUT THE DISTRICT

Established in 1936, Public Utility District No. 1 of Chelan County began providing electric service in 1947. Today, the District owns and operates electric generation, electric and water distribution, wastewater properties and wholesale telecommunications. Two of the District's three hydroelectric projects, Rocky Reach and Rock Island, are part of an 11-dam system on the Columbia River. The third project is located on Lake Chelan. The projects have a combined generating capacity of nearly 2,000 megawatts of power. Collectively, the projects delivered approximately 10 million megawatt hours of electricity in 2013. Electricity generated at the District's three dams serves customers in Chelan County and is sold to utilities that serve customers across the west. In 2013 the District generated approximately \$202 million from the sale of energy.

The District's headquarters are located in Wenatchee with satellite offices in Leavenworth and Chelan. The District operates on a \$213 million annual budget. The District has approximately 660 employees and is administered by an elected, five-member Board of Commissioners.

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*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for Public Utility District No. 1 of Chelan County at <http://portal.sao.wa.gov/ReportSearch>.

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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